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This chapter is referred to in sections 2152a, 2152c, 2152d, 2295b, 2421d, 2460, 6591 of this title.

§ 5401. Support for East European Democracy (SEED) Program

(a) SEED Program

The United States shall implement, beginning in fiscal year 1990, a concerted Program of Support for East European Democracy (which may also be referred to as the “SEED Program”). The SEED Program shall be comprised of diverse undertakings designed to provide cost-effective assistance to those countries of Eastern Europe that have taken substantive steps toward institutionalizing political democracy and economic pluralism.

(b) Objectives of SEED assistance

The President should ensure that the assistance provided to East European countries pursuant to this chapter is designed—

- (1) to contribute to the development of democratic institutions and political pluralism characterized by—

(A) the establishment of fully democratic and representative political systems based on free and fair elections,

(B) effective recognition of fundamental liberties and individual freedoms, including freedom of speech, religion, and association,

(C) termination of all laws and regulations which impede the operation of a free press and the formation of political parties,

(D) creation of an independent judiciary, and

(E) establishment of non-partisan military, security, and police forces;

- (2) to promote the development of a free market economic system characterized by—

(A) privatization of economic entities,

(B) establishment of full rights to acquire and hold private property, including land and the benefits of contractual relations,

(C) simplification of regulatory controls regarding the establishment and operation of businesses,

(D) dismantlement of all wage and price controls,

(E) removal of trade restrictions, including on both imports and exports,

(F) liberalization of investment and capital, including the repatriation of profits by foreign investors;

(G) tax policies which provide incentives for economic activity and investment,

(H) establishment of rights to own and operate private banks and other financial service firms, as well as unrestricted access to private sources of credit, and

- (I) access to a market for stocks, bonds, and other instruments through which individuals may invest in the private sector; and
- (3) not to contribute any substantial benefit—

(A) to Communist or other political parties or organizations which are not com-

mitted to respect for the democratic process, or

(B) to the defense or security forces of any member country of the Warsaw Pact.

(c) SEED Actions

Assistance and other activities under the SEED Program (which may be referred to as “SEED Actions”) shall include activities such as the following:

(1) Leadership in the World Bank and International Monetary Fund

United States leadership in supporting—

(A) loans by the International Bank for Reconstruction and Development and its affiliated institutions in the World Bank group that are designed to modernize industry, agriculture, and infrastructure, and

(B) International Monetary Fund programs designed to stimulate sound economic growth.

(2) Currency stabilization loans

United States leadership in supporting multilateral agreement to provide government-to-government loans for currency stabilization where such loans can reduce inflation and thereby foster conditions necessary for the effective implementation of economic reforms.

(3) Debt reduction and rescheduling

Participation in multilateral activities aimed at reducing and rescheduling a country's international debt, when reduction and deferral of debt payments can assist the process of political and economic transition.

(4) Agricultural assistance

Assistance through the grant and concessional sale of food and other agricultural commodities and products when such assistance can ease critical shortages but not inhibit agricultural production and marketing in the recipient country.

(5) Enterprise Funds

Grants to support private, nonprofit “Enterprise Funds”, designated by the President pursuant to law and governed by a Board of Directors, which undertake loans, grants, equity investments, feasibility studies, technical assistance, training, and other forms of assistance to private enterprise activities in the Eastern European country for which the Enterprise Fund so is designated.

(6) Labor market-oriented technical assistance

Technical assistance programs directed at promoting labor market reforms and facilitating economic adjustment.

(7) Technical training

Programs to provide technical skills to assist in the development of a market economy.

(8) Peace Corps

Establishment of Peace Corps programs.

(9) Support for indigenous credit unions

Support for the establishment of indigenous credit unions.

(10) Generalized System of Preferences

Eligibility for trade benefits under the Generalized System of Preferences.